

PROPERTY TAX RELIEF WITHOUT TAX SHIFTING

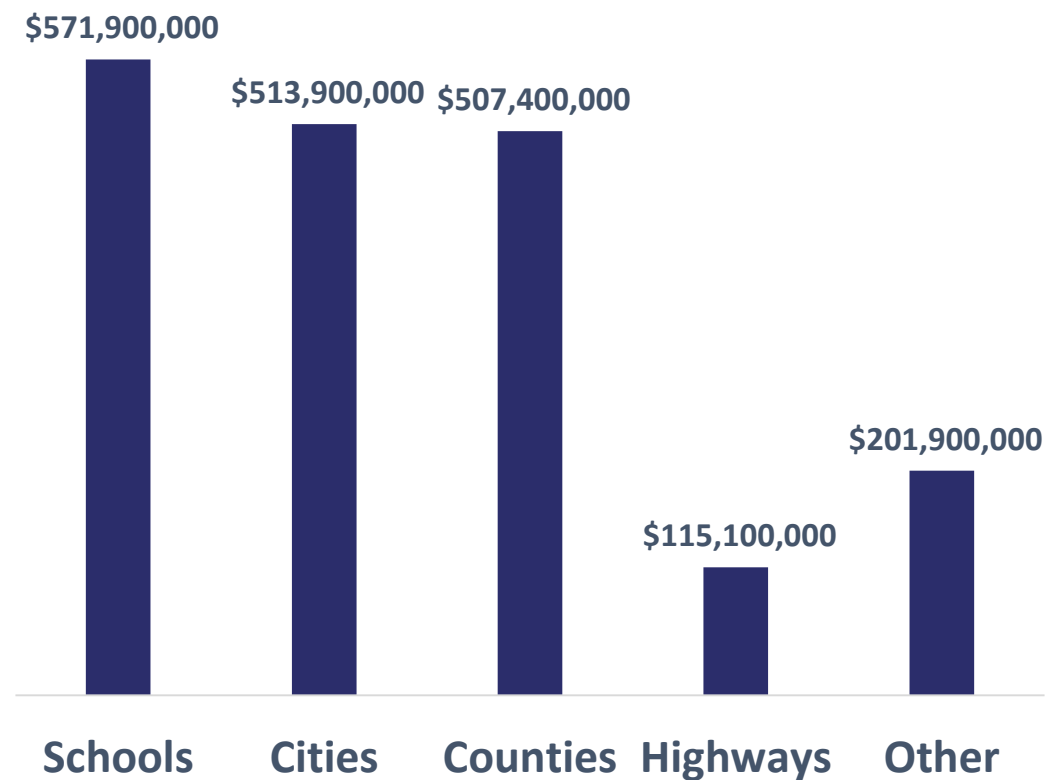
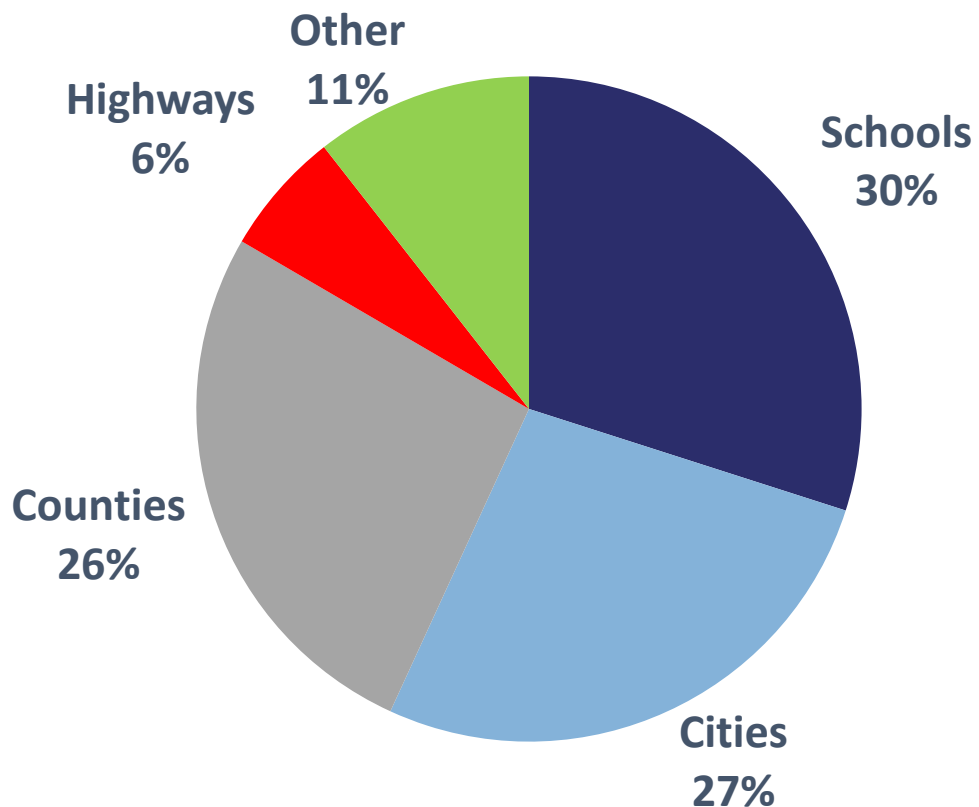
Seth Grigg

Executive Director

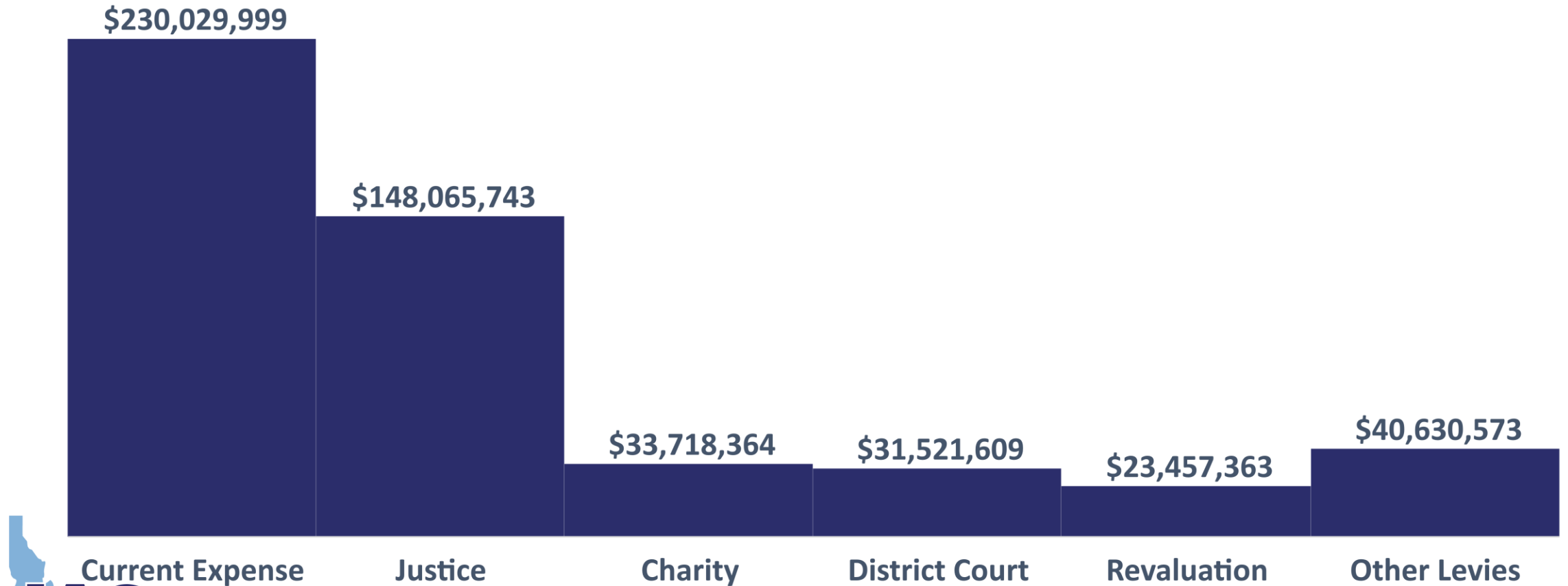
Idaho Association of Counties



PROPERTY TAX DISTRIBUTION, 2018



DISTRIBUTION OF COUNTY PROPERTY TAXES



INTERGOVERNMENTAL REVENUES – SALES TAX

- Sales Tax Revenue Sharing (11.5% of total sales tax revenues)
 - 47.1% to counties
 - 45.2% to cities
 - 7.7% to other non school taxing districts (base and excess)
- Ag Replacement (based on snapshot)
- Business Personal Property Tax Replacement (based on snapshot)
- Election Consolidation (county only)

INTERGOVERNMENTAL REVENUES – OTHER STATE SOURCES

- Liquor Fund (after magistrate court phase in)
 - 36% to counties
 - 50% to county general fund
 - 50% to out of district tuition expenses
 - 15% to magistrate division of district court
 - 49% to city general fund
- Highway Distribution Account
 - 70% to counties and highway districts
 - 50% based on road mileage
 - 50% based on vehicle registrations
 - 30% to cities (by population)
- General Fund Appropriation for Schools

INTERGOVERNMENTAL REVENUES – FEDERAL FUNDS

- PILT (county only)
- SRS
 - 70% to eligible counties and highway districts, dedicated to road maintenance and operations
 - 30% to schools

FEES FOR SERVICE

- County authorization: Section 31-870, Idaho Code
- Other taxing districts: Section 63-1311, Idaho Code
- Fees cannot exceed cost of providing service
- Fees cannot increase by more than 5% a year without a public hearing



MOST PRESSING ISSUES FACING COUNTIES

- Challenges are different in rural and urban counties
- Growth vs. Stagnation
- County Roads/Bridges
- Courts
- Jails

SUCCESS STORY: ELECTION CONSOLIDATION

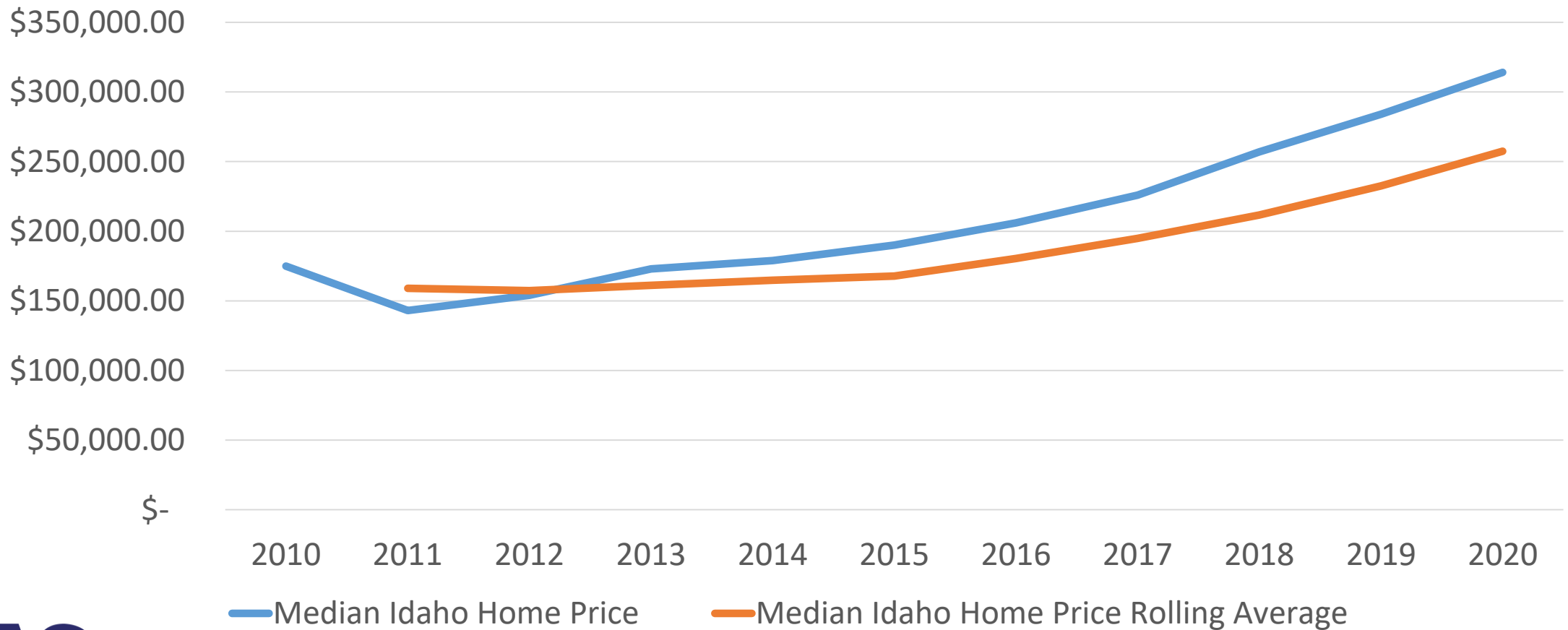
- In 2008 local elections were consolidated to four dates and placed under supervision of the county.
- The Legislature created an election consolidation fund to provide financial assistance to counties.
- Financial assistance is based on a statutory formula and indexed for inflation.



TAX SHIFTING (ANNUAL CHANGE IN P-TAXES PAID)

Type of Property	2010	2011	2012	2013	2014	2015	2016	2017	2018
Owner Occupied Residential	-3.3%	-1.5%	1.3%	4.6%	3.8%	4.8%	2.2%	5.3%	6.1%
Other Residential	-1.9%	-2.0%	-0.7%	4.6%	6.4%	-1.2%	3.2%	3.8%	5.4%
Commercial	5.4%	-0.3%	5.5%	-3.2%	1.0%	2.5%	3.2%	3.2%	0.2%

SOLUTION: FIVE YEAR RESIDENTIAL VALUATION AVERAGING

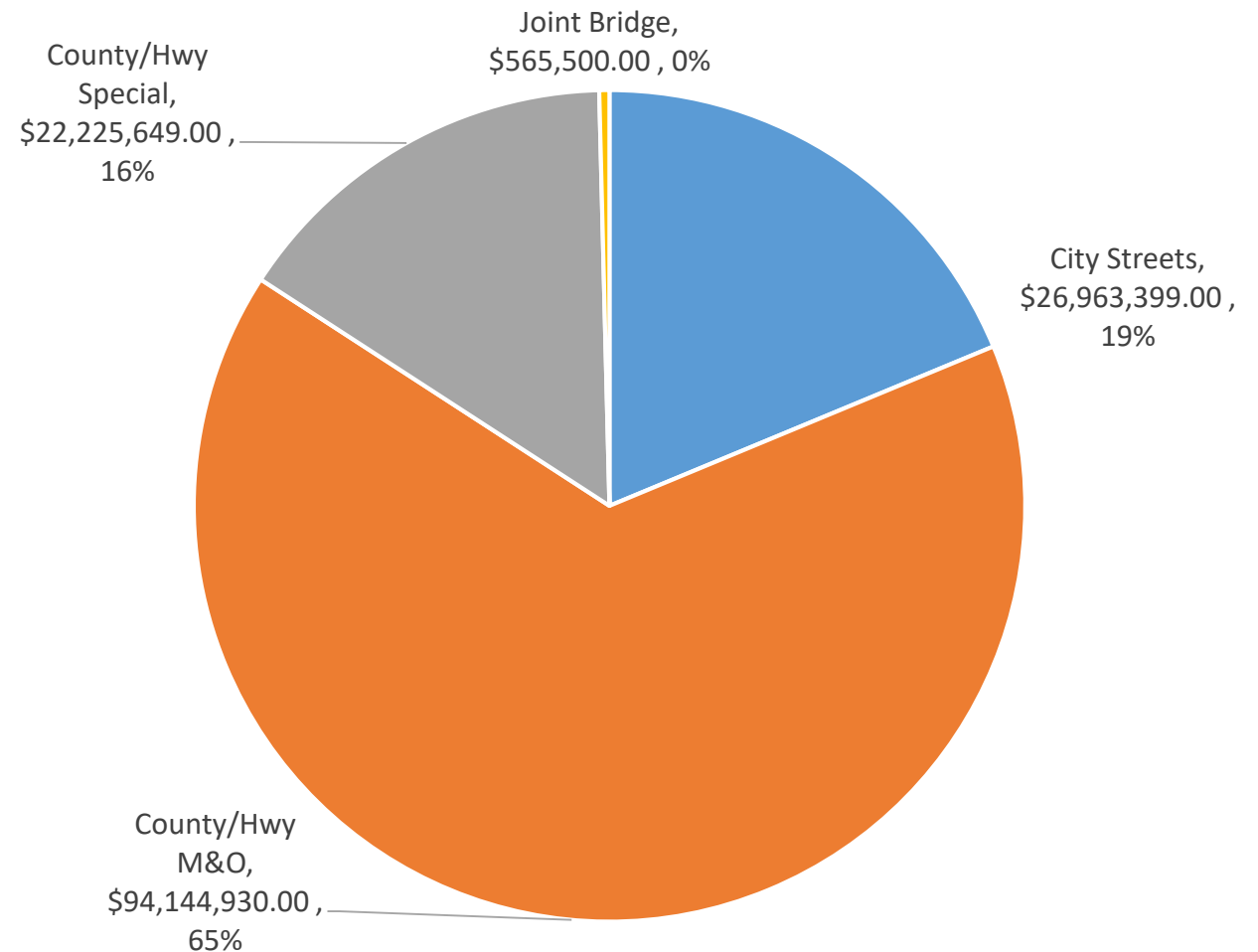


IMPLEMENTING ROLLING AVERAGE

- Immediate implementation will shift taxes
- To avoid shift, phase in averaging over five year
 - 2022 taxable value = average of 2021 and 2022
 - 2023 taxable value = average of 2021, 2022, 2023
 - 2024 taxable value = average of 2021, 2022, 2023, 2024
 - 2025 taxable value = average of 2021, 2022, 2023, 2024, 2025

ROAD FUNDING

- Local governments levy \$144 million for roads and bridges.
- Counties and highway districts on verge of losing federal SRS funding for roads.
- Replace property taxes with user fees (fuel tax and registration fee increases).
- Expand county option registration fee to include fuels tax.



DISTRICT COURT

- Legislature passed H0643 in 2017 to provide funding enhancements for the magistrate division of the district court.
- To address other district court needs, the Legislature can:
 - Fund district law clerks
 - Repeal requirement for county to maintain law libraries
 - Raise district court fees
 - Fund facility costs associated with adding additional district judges

PUBLIC DEFENSE

- 2017 county public defense expenditures: \$31,998,467
- 2019 county public defense expenditures: \$39,057,986
- 22% increase
- PDC provides annual grants to counties
- RECOMMENDATION: cap county public defense expenditures and replace state grant program with dedicated public defense funding that is indexed and based on predictable formula (similar to election consolidation)
- Montana Model: cap county expenses, convert to state based public defense system, counties continue with based funding, state pays for growth.

CHARITY LEVY TAX RELIEF

31-863. LEVY FOR CHARITIES FUND. (1) For the purpose of ~~nonmedical indigent burial~~ assistance pursuant to [chapter 34, title 31](#), Idaho Code, and for the purpose of providing financial assistance ~~on behalf of the medically indigent for involuntary mental health~~, pursuant to [chapter 35, title 31](#) chapter 3, title 66, Idaho Code, and for administrative costs associated with providing services contained within this section, said boards are authorized to levy an ad valorem tax not to exceed ~~ten~~ four hundredths of one percent (.40 04%) of the market value for assessment purposes of all taxable property in the county.

(2) Before calculating the maximum amount of property tax levied in tax year 20xx, pursuant to section 63-802, Idaho Code, the county must first reduce the approved property tax levy portion of their budget, subject to the limitation in section 63-802(1), Idaho Code, for each of the immediate prior three (3) years, in an amount equal to the medical indigent expenses incurred up to the amount levied in the county's 20xx fiscal year, which amount shall be reported to the state tax commission not later than July 30, 20xx.



JUSTICE FUND FLEXIBILITY

63-805. ANNUAL LEVIES. (2) The county commissioners of each county in this state may levy upon all taxable property of said county, a property tax for the purposes set forth in the statutes authorizing a county justice fund, to be collected and paid into the county treasury and apportioned to the county justice fund, if one has been established. Said levy shall not exceed ~~twenty~~ thirty hundredths percent (.230%) of market value for assessment purposes of such property, or a levy sufficient to raise two hundred fifty thousand dollars (\$250,000), whichever is greater.



COUNTY FACILITIES

- Counties need funding sources other than property taxes to fund county capital projects.
- Options:
 - Impact fees
 - Local option sales tax (dedicate 50% to property tax relief, 50% to facility construction)
 - Joint state/county partnerships for shared buildings (courthouses and jails)

BUY DOWN PROPERTY TAXES

- Potential options to buy down property taxes:
 - Dedicated sales tax for property tax relief
 - Sales tax increase (phase in by fund type, i.e.: courts, roads, etc.)
 - Use tax relief fund
 - Budget surplus eliminator for property taxes
 - Dedicate a portion of excess state revenues to buy down property taxes
 - Local option dedicated to property tax relief